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SUBJECT: GERMAN UNEMPLOYMENT UP FOR FIFTH  
CONSECUTIVE MONTH

¶1. Summary. The usual seasonal labor upswing failed to materialize this year as the global economic crisis tightened its grip on the German labor market. For the first time in three years, unemployment rose in March. The German labor market has deteriorated quickly since November as falling exports and the deepening recession prompt companies to cut production and jobs. Without the widespread use of the so-called "short-time work program" by German companies, the overall deterioration would be much worse. End Summary.

¶2. Germany suffered its largest increase in unemployment in March since the global economic downturn began with jobless figures rising for a fifth consecutive month, according to newly-released Federal Employment Agency data. Six months before the next federal elections in September, seasonally adjusted unemployment rose by 69,000 month-on-month to 3.4 million in March. This was the most significant increase in over four years and more than the 55,000 many economists had forecast. The adjusted jobless rate rose by 0.1 percentage points to 8.1 percent. As a further sign of the deterioration of the labor market, the politically more important seasonally non-adjusted unemployment figure (the one that makes the headline news) rose by 78,000 year-to-year to 3.586 million - the first time this has happened during the month of March since World War II. The seasonally non-adjusted rate now stands at 8.6 percent.

¶3. The three key indicators of the labor market were all negative: unemployment rose, employment decreased and demand for labor declined further, Employment Agency chief Frank-Juergen Weise reported in his press conference, adding that use of the so-called short-time work program had prevented a bigger increase. The number of workers taking advantage of short time work ("Kurzarbeit") programs increased to an estimated 740,000 in February. The widespread use of shorter work hour programs is limiting the increase in unemployment and is a sign that companies want to keep their staff on pay rolls for as long as they can. Nevertheless, Weise expected the job market to deteriorate well into 2010, and warned that "At the end of 2009, we're likely to be near 4 million unemployed." The Employment Agency's economic research institute, IAB, said last week that the jobless total may increase by an unadjusted 430,000 to 3.7 million this year; the projection assumes an economic contraction of 3.5 percent.

¶4. The sharp decline in the economy has also slowed employment growth and reversed the gains made in recent years as solid economic growth and labor market reforms helped to boost hiring. German employment dropped to 39.82 million in February, after reaching a record high of 40.3 million in November last. Germany's export-oriented economy increasingly is affected by the waning global demand for manufactured products.

¶5. More detailed statistical information for all of Germany is available at the Federal Employment Agency's website:  
<http://www.pub.arbeitsagentur.de/hst/services/statistik>

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